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THE ECONOMICS OF AGEING AND THE POLITICAL ECONOMY OF OLD AGE

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Abstract

Economic discussion of ageing has been largely neoclassical in approach. Ageing has become a specialism within population economics, which is itself a specialism within the neoclassical mainstream. An alternative view has come from authors in sociology and social policy, who have produced their own 'political economy of old age'. In contrast with neoclassical individualism, sociological depictions of aging have stressed the social construction of old age and the structured dependency of the elderly. Non-neoclassical economists have had little to say about ageing, despite some relevant work in the early days of Keynesianism. This paper argues that a combination of structural ideas from sociology and disequilibrium ideas from Keynesian and non-neoclassical economics can provide a suitable framework for the economics of ageing.

Keywords: population ageing, social construction, structured dependency, social gerontology, Keynesian economics

1. Introduction

Prior to the twentieth century, nearly all countries had populations with a stable age composition and only a small proportion of the population in the older age groups. During the twentieth century the developed countries have faced an unprecedented population ageing, whereby the average age of the population has risen and the older age groups have increased in absolute and relative size. Population ageing is expected to continue until well into the next century. At first, the ageing trend went almost unnoticed, but since the 1930s it has been seen as a source of economic problems.

Most of the economic literature on ageing, surveyed by Clark and Spengler (1980) and Hurd (1990), is neoclassical and dwells on neoclassical themes. The neoclassical influence has been strengthened by the growth of 'population economics' as a new mainstream specialism applying neoclassical theory to demographic matters (van Praag, 1988). Work within population economics is often inspired by the Chicago-School, human-capital research programme of authors such as Schultz and Becker. The aim is to spread the 'economic approach' (that is, neoclassicism) to all areas of social science, with population economics as a minor plank in the programme. This contrasts with the interdisciplinary perspectives on ageing favoured outside economics; the discipline of social gerontology is made up from the contributions of separate social sciences (including sociology, social policy, politics and psychology), along with natural sciences like biology (Bond and Coleman, 1990). Neoclassical economics is signally absent. The reason is that neoclassicism is too restrictive to be compatible with other disciplines; its views about human behaviour are axiomatic and at odds with the views held elsewhere in the social sciences.

The gap left by neoclassicism could be filled by non-neoclassical economics, but this has not happened. Instead, non-economists writing about ageing have supplied their own 'political economy of old age', which owes little to neoclassical or non-neoclassical economics (Walker, 1981). It will be argued here that a combination of the 'political economy of old age' and non-neoclassical economic theory can provide a suitable framework for the economics of ageing. The discussion initially looks at the restrictiveness of the neoclassical viewpoint and then considers the non-neoclassical alternatives.

2. The restrictiveness of a neoclassical view of ageing

Central to neoclassical economics is individualism. Economic behaviour is reduced to the interactions of rational individuals in market-like situations. Social institutions are depicted merely as constraints or imperfections, which obstruct the efficient operation of markets and indicate a failure in modelling to reduce everything to individual behaviour. Individualism might appear to be well matched with the study of population: by definition, a population is an aggregation of individuals. But a population has to be defined over a social unit, either geographical (such as a nation state, region or town) or explicitly social (such as social classes or occupations). Demographic analysis can be a sterile way of studying society, because it focuses on aggregations of individuals and omits social structures and causal processes (Sayer, 1992: 177-178). To preserve its individualism, neoclassical economics has to play down socialised behaviour and thus neglect some of the key issues that pertain to ageing.

Neoclassical individualism is coupled with the assumption of instrumental rationality. Individual saving and retirement decisions are embodied in a life-cycle utility maximisation that takes place at a given initial date. To be able to plan for future periods, individuals must have well-defined intertemporal preferences and at least probabilistic information on their future income, employment, health and life span. The relation between biological ageing and individual preferences is unclear, since the concept of 'economic man' is an abstraction from the physical and social processes of ageing (Jackson, 1991). Individuals are assumed to be largely in control of their own saving, labour supply and retirement over their life cycle. Fixed working hours and a statutory retirement age will be an obstacle to such planning. A stress on individual 'disincentives' is misplaced if individuals cannot make marginal adjustments to policy changes. Life-cycle modelling has never had solid empirical support (Danziger *et al*., 1982), yet it is the near-universal basis for mainstream discussions of ageing and retirement.

The other chief building block of neoclassical economics is market-clearing equilibrium. The economy is assumed to tend towards full employment. Market imperfections may, in the short run, prevent the attainment of an efficient equilibrium, but they are regarded as negligible in the longer periods over which demographic change occurs. As the population ages, the ratio of the economically inactive 'elderly' to the fully employed 'young' will increase. Population ageing becomes the prime determinant of changes in the dependency ratio. It is doubtful, however, if capitalist economies do tend towards full employment: involuntary unemployment characterises the normal functioning of the economy. The unemployed are a dependent group whose financial status resembles that of the retired elderly. When considering the 'burden' of the dependent population, one should count all economically inactive and unemployed groups, not just the elderly (Falkingham, 1989). The assumption of full employment magnifies the importance of population ageing as a cause of dependency and diminishes the importance of unemployment.

Under ideal neoclassical conditions, active government policy would be superfluous: there would be no policy responses to population ageing. Individuals would make their own rational decisions about the timing of their employment, leisure and consumption. Changes in the age composition of the population, as with any other exogenous changes, would be dealt with efficiently by the market mechanism. But the ideal neoclassical conditions are merely hypothetical and have little relevance except as a benchmark; the fact that government intervention figures so prominently in discussions of population ageing is a reminder of this. The debates about ageing have more to do with the constraints and imperfections that are external to neoclassical theory than with the core presuppositions of the theory itself. An obvious way to build on these external, non-neoclassical elements is to start from the outset with a non-neoclassical approach.

Keynesian, Marxian and institutional economics are all critical of neoclassical methods: they all increase the institutional content of theory and keep away from individualism and market-clearing equilibrium. If combined with existing work by non-economists, they could provide a better account of ageing than neoclassical economics. In discussing this, the present paper will first consider the structural arguments about ageing put forward in sociology and social policy, then the disequilibrium arguments put forward in non-neoclassical economics, and finally the possibility of combining them.

3. Structural arguments about ageing: the political economy of old age

Outside economics, the social consequences of ageing have sometimes been modelled as deriving from an exogenous, biological ageing of the individual. 'Disengagement theory' portrays social arrangements for the elderly as having the function of disengaging them amicably from society as biological ageing takes its toll (Cumming and Henry, 1961). Much gerontological discussion has had a similar functionalist character: Townsend (1986) calls it 'acquiescent functionalism', since it acquiesces in a biological and individualistic conception of ageing to the detriment of the social aspects. Ageing is a far more complex and socialised process than acquiescent functionalism would suggest. Individuals differ in the rates at which they age, and the differences depend on their social surroundings. Health at all ages is correlated with socio-economic variables (Wilkinson, 1986). The perception and experience of ageing are culturally specific and perpetuated through socialisation (Featherstone and Hepworth, 1990). Retirement practices reinforce the prevailing attitudes to the elderly. Ageing may be grounded in biology, but it is strongly influenced by social conditions.

Authors in sociology and social policy have produced an alternative, structural account of ageing (Townsend, 1981; Walker, 1980, 1981; Estes *et al*., 1982; Phillipson and Walker, 1986). As a person grows older, physical changes can be overshadowed by an 'ageing' that is socially constructed. Townsend (1986) identifies four main sources of the social construction of old age: formal retirement policies, low pension levels, institutionalisation of the elderly, and the centralised provision of community care.

Formal retirement at a single retirement age is crucial in defining the elderly population. The immediate switch from full-time work to retirement has no physical justification: people do not become incapable of work at a common, unique age. Earlier retirement in recent decades has not been a reaction to worsening health among the older population. Retirement policies may have other purposes, for instance, the regulation of labour supply. Opinions on the age of retirement have changed with economic activity. The labour shortage of the 1940s and 1950s prompted calls in the UK for later retirement and increased economic activity in old age (Hopkin, 1953; Paish and Peacock, 1954). An academic literature emerged in the 1950s with the goal of showing that the elderly are capable of work after the traditional retirement ages (Dex and Phillipson, 1986). The 1960s and 1970s saw a slowing down of economic growth and a dwindling of interest in later retirement. By the 1980s the arguments had been reversed: interest was now in earlier retirement, as a palliative for unemployment (Walker, 1982). Retirement can be a regulator of labour supply with the convenient property of converting unemployment into withdrawal from the labour force.

Low state pensions tied to formal retirement cause poverty among sections of the elderly, as has long been known from empirical studies (Townsend and Wedderburn, 1965; Townsend, 1979). The upshot is a 'structured dependency' of the elderly, in which the incomes of the retired are too low to prevent hardship (Walker, 1981, 1986). Many of the elderly receive means-tested social assistance and are thus officially designated as poor. Not all the elderly are poor, however. Those with generous occupational pensions may enjoy prosperity in old age, as do a small minority who never work at any age and live from unearned incomes. The different circumstances of the retired elderly stem from their different work histories, and the ability to maintain financial independence in old age increases with earnings, job security and occupational status. Formal retirement with low state pensions may sustain, or even widen, the differential between high and low income groups. The image of state retirement pensions as benevolent social security measures offsetting the physically induced difficulties of old age may be misleading.

Alongside the state, the social policy profession too has promoted the structured dependency of the elderly. The assumption has been that the elderly should be passive recipients of care administered by social policy professionals. The elderly in the residential and hospital sectors are totally institutionalised: their whole physical and social environment is structured by professional carers. A move into these sectors has come to be seen as a permanent loss of independence which is often dreaded by the elderly. Institutionalisation may sometimes be necessary and desirable, but there is a danger of exaggerating the dependency of the elderly and the 'burden' they place on the rest of society. Community care has typically been organised centrally by the providers, giving the elderly little say in the extent of the care they receive. By representing elderly people as helpless and inert, this confirms their dependency. The overprovision of residential and centralised community care may be at the expense of public funding for informal or more decentralised community care, or for more generous state pensions which would allow the elderly to maintain their independence for longer. Social policy has played its part in fostering the dependency of the elderly and legitimating their humble position in society. As with retirement policies, the elderly are being subjected to a socially created dependency that is only indirectly related to biological ageing. Notwithstanding its declared good intentions, social policy may be conducive to an increasing centralised control over the elderly and a lowering of their status in society.

A structural view of ageing has affinities with a Marxian outlook. Statutory retirement ages and low state pensions can be construed as furthering the interests of capital, in line with Marxian interpretations of state activity. The ambiguity of state pensions as being either benevolent or manipulative mirrors the contradictory nature of the welfare state (Gough, 1979). Retirement practices are an institutional means by which employers can regulate the labour market. Marxian and non-neoclassical accounts of the organisation of production have emphasised institutional detail and variable productivity. The current economic conditions of the elderly are, from a Marxian and radical perspective, intrinsic to modern industrial capitalism (Phillipson, 1982; Hendricks and McAllister, 1983). Retirement practices have created a population of low-income, low-status 'elderly', many of whom, while nominally inactive, undertake informal economic activities such as social care and thereby contribute to the reproduction of labour power. The unemployed, able-bodied elderly are reclassified as retired, so as to divide the industrial reserve army. Division weakens the (already weak) cohesion of the unemployed, impairs their bargaining strength, and pushes down recorded unemployment, all of which are in the interests of capital.

The historical link between retirement and capitalism is controversial. A major theme in social gerontology has been the impact of 'modernisation' on the consciousness of age and the status of the elderly (Cowgill and Holmes, 1972). According to this view, capitalism has brought an increasing categorisation of the population by age, together with a declining status of the elderly as their skills have become redundant through technical change. Formal retirement has been one of the chief types of categorisation by age. In arguing for the impact of modernisation, the temptation is to go further and contrast capitalism, which values youth, energy and 'freedom', with the more paternalistic, hierarchical pre-capitalist societies, which honoured the elderly for their wisdom. The contrast is oversimplified, given the large historical and geographical variations in the treatment of the elderly (de Beauvoir, 1972; Featherstone and Hepworth, 1990). Some authors have queried this historical link between retirement and capitalism: Smith (1984) observes that structured forms of dependency preceded capitalism; Johnson (1985) casts doubt on the correlation between state social security measures and formal retirement in the UK. But whatever the longer term history of retirement, the last few decades have witnessed a growing incidence of retirement at and before the statutory ages (Laczko and Phillipson, 1991). Formally structured retirement (and any concomitant dependency) is clearly present, even if its historical development cannot be aligned with simple notions of modernisation.

The current recession has been marked by a trend towards early exit from employment. Many older workers have been made redundant or persuaded to leave the labour force before reaching the statutory retirement age, with little or no chance of ever regaining employment (Laczko and Phillipson, 1991). These people are marooned between employment and retirement; their early exit from employment is a *de facto* retirement unsanctioned by the state. Dependency from 'official' retirement may only be a redesignation of a dependency that has already surfaced 'unofficially' as unemployment. Early exit may be a symptom of a wider shift towards flexible working practices and post-Fordist production (an interpretation offered tentatively by Laczko and Phillipson, 1991: 43-45). This would tie in with some recent strands of non-neoclassical economics, in particular the regulation and flexible specialisation approaches (discussed by Teague, 1990). The long-term significance of early exit, and post-Fordism as a whole, is still open to question. Structured dependency will persist, however: early exit brings new kinds of structured dependency, not an ending to it.

The social creation of dependency is consonant with Marxian and Keynesian economics. Dependency from unemployment helps to give capitalism the fluidity and competitive pressures necessary for its dynamic properties. Keynesian policies might, in principle, restore full employment but, in practice, financial and business interests preclude this. Capitalism will never have the static efficiency properties of the neoclassical model, and to facilitate change a permanent reserve army of unemployed will be kept. Marx (1867, Chapter 25) distinguished three components of the reserve army: floating, latent and stagnant, in decreasing likelihood of re-employment. Modern capitalism has added a fourth and lowest tier: the retired, able-bodied elderly. While nominally out of the labour force, they are a source of potential employees to be tapped when needed. If ever the economy gets too near to full employment, they can be cajoled back into the labour force so as to bolster the bargaining position of employers. The dependency of the retired elderly is complementary to that of the unemployed. They are a reserve to the reserve army.

In recognising structured dependency, one should not go to the extreme of representing ageing as entirely structural. Individual ageing is neither voluntary nor wholly determined by social conditions. The behaviour and experiences of the elderly can be explained only by a blend of individual agency, social structure and human biology. When introducing social structure as an antidote to neoclassical individualism or 'acquiescent functionalism', the intention is to redress the customary balance against structure and not to establish an all-embracing structural reductionism.

4. Disequilibrium arguments about ageing: Keynesian approaches to demographic change

Keynesian economists were among the first to discuss the deceleration of population growth in the twentieth century. Keynes (1937) argued that in an economy operating without market-clearing equilibrium and below full capacity, population would affect the economy mainly through aggregate demand. If the capital stock is roughly proportional to population, then changes in population may lead to changes in investment and economic activity. Population growth may reduce the uncertainty of investors and increase their willingness to invest. A steadily rising population would assist economic growth and ensure low unemployment. A stagnant or declining population would hinder economic growth and raise unemployment. This was the concern in the 1930s, when it was feared that the depression would be prolonged indefinitely by declining populations. The argument was taken up by several Keynesian economists in the late 1930s (Hansen, 1939; Reddaway, 1939; Harrod, 1939). Their message was that population ageing would have deleterious effects on the economy, not principally through burdens on taxpayers, but through cutbacks in investment.

The interest of Keynesians in demographic change did not extend beyond the Second World War, for two reasons. First, wartime production and postwar reconstruction put an end to the interwar depression and made irrelevant the fears of a demographically induced recession. Demographic change was no longer thought of as one of the prime influences on aggregate demand. Secondly, the 'baby boom' from the late 1940s to the mid-1960s temporarily halted the deceleration of population growth and relieved the anxieties about declining populations. Events had been unkind to earlier Keynesian predictions, and Keynesian economics turned its attention away from demographic change. Since the late 1960s, economic and demographic events have been more akin to the interwar period than the period of postwar growth. This has revived interest in the economics of ageing and declining populations, but the analysis has been neoclassical in tone. The issues emphasised have been neoclassical ones: dependency burdens, budget balancing, tax rates and disincentives. There has been no renewal of Keynesian approaches, yet the early Keynesian work on declining populations still has value.

From a Keynesian perspective, demographic change is never acting upon an economy with full employment and an efficient utilisation of labour. Short-run variations in investment cause changes in unemployment and in the size of the dependent population. A rise in dependency through unemployment is liable to be far more rapid than any rise through population ageing and of the same order of magnitude. Unemployment is seldom described as dependency, despite its resemblance to the dependency of the retired elderly.

But the dependency of the unemployed is a permanent feature of a capitalist economy, and permanently varying as the economy expands and contracts (Jackson, 1992a). Under these circumstances it is wrong to single out population ageing as causing a special crisis of dependency.

Some recent discussion of population ageing has been based on an intergenerational conflict of 'workers versus pensioners' (Johnson *et al*., 1989). As the dependency ratio rises, the economy's resource constraint tightens and engenders conflict between workers and the retired. In Keynesian economics, however, the number of workers is an endogenous variable, as is the dependency ratio. The size of the working population does not impose a binding demographic constraint on the economy, and population ageing affects the number of workers only indirectly through changes in employment (Jackson, 1992b). But employment depends on many other factors, so the separate effect of demographic change will be hard to discern. Moreover, population changes far less quickly than other determinants of employment: most short-term changes in the true dependency ratio will not be due to population ageing. At the aggregate level, the influence of demographic change on the economy is indirect and mingled with that of many other variables.

Attention is switched from the aggregate level to more specific, institutional concerns. For a state pension scheme there may be an identifiable budget constraint. It is not the 'real' resource constraint of neoclassical economics, but a financial constraint created by a decision to record and balance a particular budget. Public budgets include things other than state pensions, of course, and a broader range of activities may have to be considered. Judgements about the resources devoted to the elderly impinge on the numerous other claims on public expenditure; there is no single 'ageing budget'. If ageing exacerbates tensions within particular public budgets, then it can be investigated only at a more detailed, *ad hoc* institutional level. Neoclassical theory is notoriously reluctant to admit institutional details, but they are less of an embarrassment for Keynesian and non-neoclassical economics.

5. Combining the structural and disequilibrium arguments

At first sight it may seem difficult to combine structural and disequilibrium arguments. Can a theory that uses a structural analogy be allied with one that uses images of volatility and change? No real problems arise as long as the basic vision of the economy is intricate enough. If social structures are allowed to be complex, diverse and differentiated, it is quite possible to have structured conflicts of interest that yield tensions and change. Social structures can be assimilated with individual agency through theories which highlight their interdependence. Such theories have been to the fore in recent sociology (Giddens, 1984), and they are consistent with the case for a non-neoclassical, theoretically based institutional economics (Hodgson, 1988, Chapter 6). A sufficiently complex, non-reductionist outlook can combine social structure and market disequilibrium, without implying that all behaviour and institutions are fixed in a single, rigid structure, or that everything is in a state of flux. It should be feasible, therefore, to move towards a synthesis of the structural and disequilibrium arguments about ageing.

A synthesis would not lead to an 'economics of ageing' in the neoclassical sense of a specialised branch of a single discipline. The approach would be nearer to political economy than economics, that is to say, it would have to look to the theories and methods of the other social sciences. Indeed, ageing is so broad a subject, with so strong a biological element, that some inputs from the natural sciences would be necessary. This would be true, for example, in addressing policy questions that hinge on the future health and longevity of the population. But without attempting to integrate natural and social scientific accounts of ageing, the existing structural and disequilibrium arguments can broach a number of issues excluded from mainstream discussion: the role of the state in moulding the behaviour of individuals and their experience of ageing, the significance of structured institutions in the ageing process, and the presence of chronic unemployment in capitalist economies. It remains to consider whether the recognition of these separate issues can give rise to a more unified view.

The political economy of old age has two features in common with Keynesian and non-neoclassical economics. The first is that they can both accommodate the idea that social and economic arrangements favour the sectional interests of capital. In the political economy of old age, the state adjusts retirement practices to suit the labour market requirements of employers. Attitudes to old age are fashioned partly by government policies towards the elderly, and even supposedly voluntary behaviour is influenced by social pressures. Many 'decisions' of elderly people are, in any case, constrained by the state, employers or the social policy profession. In Keynesian and non-neoclassical economics, chronic unemployment can likewise be interpreted as favouring the interests of capital: it increases the bargaining strength of employers, protects the profit share in national income and eases the recruitment of labour. It may be a sign of market disequilibrium, but its permanence gives it a structural quality. The dependency of the unemployed, like that of the retired, is a 'structured dependency' that buttresses the power of capital.

The second common feature is related to the first. Both the political economy of old age and Keynesian economics confine ageing to an indirect influence on the economy. If retirement were to be delayed until individuals were physically incapable of work, there would be no slack in the individual life cycle: all working lives would be maximised. In practice, as stressed by the political economy of old age, most workers retire at or before a statutory retirement age which comes before loss of physical capabilities. Employers are cushioned from the immediate physical effects of ageing on the availability of labour. If a capitalist economy were to attain full employment, there would be no slack in the total labour force: population ageing would reduce the numbers or proportion of the population employed. In practice, as stressed by Keynesian economists, chronic unemployment ensures that economies have no aggregate labour shortage. Again, employers are cushioned from the immediate effects of population ageing. 'Structured dependency', in the guise of retirement and unemployment, leaves enough slack to guarantee that there is no binding demographic constraint on the economy. When added to other considerations, such as the slowness and predictability of demographic change, this means that population ageing has less of an impact than is claimed in mainstream economics and in popular discussion.

A further question now arises: why, if it has a minor influence on the economy, has population ageing been represented as a major problem, potentially of dramatic proportions? Why is there talk of demographic 'crises', 'revolutions' and 'time-bombs'? Following the reasoning of the structured-dependency approach, the economy operates largely in the interests of capital, so it is appropriate to ask whether orthodox accounts of the economy too are in the interests of capital. To admit that dependency is created systematically through retirement practices and unemployment would give an unflattering impression of capitalist economies.

Although the existence of widespread dependency can hardly be denied, its origins can be portrayed in a more flattering light by finding alternative explanations resting on factors extraneous to the economy. Various explanations of this type have been offered. In mainstream economics a standard line of argument is to blame unemployment and other difficulties on the external, institutional 'imperfections' imposed on the market system: excessive state intervention, private and public monopolies, trade union power, and so forth. Another argument is to blame dependency on the behaviour of dependent people themselves; they are said to belong to a 'dependency culture', in which they actively choose dependency and become reluctant to work. A third alternative is to blame dependency on changes in the population's composition, rather than its behaviour. The age composition is the main example of this, since chronological age is an easily measured, non-social characteristic, correlated with physical dependency. Accentuating population ageing as a cause of dependency will deflect attention away from the economic system.

Age seems to be a natural, exogenous source of divisions within the population, as opposed to the endogenous divisions of economic and social class. The language of 'intergenerational conflict' cuts across the deeper-rooted conflicts in capitalist economies (Phillipson, 1991). It casts no serious doubts on the functioning of the economic system, and places the blame for dependency elsewhere. It can also be used by proponents of *laissez-faire* as a pretext for cutbacks in welfare spending that would otherwise seem harsh and regressive. Consequently, although capitalist interests are sheltered from the effects of population ageing, there are ideological gains to be made from trumpeting an impending demographic 'crisis'.

Far from being discordant, the structural and disequilibrium arguments about ageing are intertwined. Disequilibrium in capitalist economies reinforces the significance of socially structured forms of dependency. If the economy did tend to full employment, then the direct influence of demographic change would be enhanced. A numerically smaller working population would be a genuine constraint on employment, and dependency from unemployment would be negligible. The assumption of long-run full employment underlies most claims that demographic change has a large influence on the economy. Once away from full employment, it is socially structured dependency that matters – the dependency of the unemployed and of the elderly who have retired while still physically capable of work.

The social structuring of dependency among the elderly is usually made contingent on chronological age. This generates something of a paradox: the importance of physical ageing for the economy is diminished, and yet it appears to have greater importance as the basis of retirement practices. An artificial, socially constructed 'ageing' coexists with physical ageing, and ideologically they become merged. Ageing has different roles at the levels of production, social institutions and ideology. At the level of production, ageing has only limited effects, because capitalist economies operate with permanent unemployment and variable productivity, and demographic change is outweighed by other determinants of aggregate demand. At the middle level of social institutions, chronological age has significance as the basis of retirement practices (and hence for the financing of pensions and benefits) but this significance is socially constructed and has nothing to do with physical ageing as such. At the top level is the ideology, which portrays the socially constructed significance of ageing as being biological in origin and, as a result, natural and inevitable. Mainstream economics sheds little light on the various levels involved in the economics of ageing and, if anything, encourages an oversimplified account of undiluted demographic constraints on the economy. The alternative structural and disequilibrium arguments can, in combination, provide a greater awareness of the institutional and ideological aspects of ageing.

6. Conclusion

Few subjects are as broad as ageing: it extends across virtually all of the social sciences and into the natural sciences as well. Mainstream economics, founded on neoclassicism, is poorly equipped to reflect this breadth. To regard the 'economics of ageing' as part of 'population economics', itself a part of the economic mainstream, is to consign it to a narrow and restrictive form of analysis that omits much of importance. A less restrictive outlook can be obtained from the 'political economy of old age' and non-neoclassical economics. When combined, they can raise essential issues such as structured dependency, chronic unemployment, class interests and the social construction of old age, which are missing from neoclassical discussion. The hope is to replace the neoclassical 'economics of ageing' with a more open vision that is sensitive to the social context of ageing and seeks to avoid all varieties of reductionism, whether individualistic, structural or biological. Only in this way can economics do justice to a subject as complex as ageing.

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